

OXYGEN ELECTRONICS

To our Clients, Partners & Vendors:

As 2008 comes to a close it has truly been a remarkable year. Current market indicators predict a slowing economy and a myriad of global challenges which will impact everyone's businesses. Lean and efficient operations as well as leveraging our successful history and strategic vision are more important than ever to ensure continued success. As the market has become more efficient and more transparent, we are becoming more and more aware of a new and very important trend in procurement, **risk management**. Previously undefined and unrecognized in the Oxygen Electronics process, we have come to learn a major component of the value that Oxygen Electronics provides its client base is the ability to manage risk in the context of purchasing electronic components on the "open market."

The creation and subsequent spin-off of **Brokerlynx a.k.a. Orafec** introduced and solidified the open market's battle and awareness of the problems and challenges associated with counterfeit and substandard products, i.e. Risk Management. As this issue has become pervasive throughout not only our industry but all aspects of society, Oxygen and the electronics industry as a whole have begun to introduce policies and procedures to manage these risks.

The introduction of a draft **Aerospace Standard AS5553** is evidence that processes are being developed by the industry at large to manage the risks associated with procurement of counterfeit product. When this draft standard was introduced in Aug of 2008, I was pleased to see that it mirrored Oxygen's current mindset as well as our strategy for the future.

Moving forward, Oxygen will continue to invest considerable amounts of time, energy and resources in the Risk Management components of our processes. The most significant investment comes in the form of a **strategic partnership with Serma Technologies** who are now operational out of our White Plains facility. Serma Technologies has the intellectual property and testing expertise to provide on the spot component compliance verification details for any product where there is a risk associated with the supply chain. Additional investment will be made in the Oxygen Operating System to better manage and **disclose Vendor Risk Profiles** as part of our quote process.

Additionally, Oxygen Electronics has implemented the following major improvements to our overall infrastructure and capabilities.

- Incorporation of the **IDEA1010A** inspection standard.
- Certification of **Goods Inward Inspectors to IDEA ICE3000**
- Improvement and Overhaul of **ESD program to S.20-20** standards with inclusion of documentation in Oxygen's Quality Management System.

The stresses facing our community are more challenging than ever. Rest assured Oxygen Electronics continues on its historical path of continual improvement and exceeding customer expectations.

Mark Pasdon
Managing Member